



MAINE STEP-UP PROGRAM AGREEMENT

Leadership Track

Moss Inc.

PURPOSE

The greatest human imperative of the 21st century will be using earth's resources in sustainable ways to meet human needs and protect the diversity of our ecosystems. Through its own natural cycles, the earth provides clean water and air, fertile soils, and a myriad of plants and animals, all of which are essential to sustain life. We must find ways of producing products and providing services that model nature's cyclical design and sustain its productive capacities. In addition, where we can we must restore those capacities diminished by past misuse.

Environmental regulatory programs of the last 30 years have done much to clean and protect our waters, air and land. Now, new approaches to environmental protection are needed if continuous improvements are to be realized.

The Maine Department of Environmental Protection and Moss Inc have agreed to explore new ways of protecting the environment that go beyond regulatory compliance. Moss Inc commits to continuously improve its business practices to protect people and the environment. Moss Inc will publicly report on its progress to inspire other businesses to seek improvement in their own environmental performance.

The Maine Department of Environmental Protection commits to vigorously assist Moss Inc on its "climb up the mountain"—accepting the challenge—to find environmentally sustainable ways of doing business. The Goals Toward Sustainability set forth in Section 2. B. in this agreement are for the "Pathways" described in the "Climbing the Mountain" diagram found in the Department's A Guide for Your Business: Smart Production and the Maine STEP-UP Program.

1. INTRODUCTION

Moss Inc is a Maine-based manufacturing company with a satellite location in Lincolnwood Illinois. Currently, Moss employs 95 people at its Belfast headquarters and production facility and 35 people at its Lincolnwood sales office and production facility. Moss Inc produces a variety of custom and standard tension fabric structures and banners for the exhibit, special event and architectural markets. It also offers several branded, proprietary tension fabric products for the home décor and promotions markets. The majority shareholder, Riverside Company of Cleveland and New York City, supports Moss Inc in its' journey toward sustainable products, services and operations. Both facilities will take part in the Moss STEP-UP efforts; however, STEP-UP program progress and accomplishments for the Belfast Maine facility will be reported separately.

On the journey toward sustainability, Moss Inc embraces programs such as the Maine STEP-UP Program as opportunities to further Moss's sustainability efforts. Moss Inc commits to the Maine Department of Environmental Protection to strive toward sustainability goals for its business with the assistance of the Department, which will provide technical services and recognition for achievements made by Moss under the STEP-UP Program Agreement during its three-year term. The Department will assign a senior staff person to work with Moss during the design and implementation of the agreement.

2. PERFORMANCE COMMITMENTS

A. Current Business Practices and Identified Opportunities for Improvement

- **Compliance Status** – Moss Inc is registered with the United States EPA as a hazardous waste generator (reg. #MER000500298) because of the electrostatic dyes used in the dye sublimation printing process at the Belfast Maine facility. The facility in Lincolnwood Illinois does not perform this printing, or other process that generates hazardous waste, so it has no hazardous waste generator registration. Moss Inc currently generates approximately 500 pounds per year of hazardous waste from the dye sublimation process. This material is disposed through a licensed hazardous waste remover (ENPRO Services, Inc – South Portland ME); who processes the dyes for waste-to-energy incineration.
- **Sustainable Business Pathways** – Moss Inc has embarked on a new company strategic plan that calls for several fundamental changes in company operations. One of these is for Moss to use sustainability as a tool to generate higher value for our customers, additional clean and healthy jobs, and higher profits for Moss.

Key areas of endeavor include:

- 1) Toxics Pathway – Replacement of existing dye sublimation process with a newer, cleaner, faster, and more reliable ink-jet sublimation process. During summer and fall 2002, beta testing of this new technology is ongoing at Moss in conjunction with Vutek Corporation of Bedford NH.
- 2) Product to Service Pathway – Moss will redesign components used in its exhibit products to enable their recycling and thereby the harvest of valuable resources at the end of an exhibit's useful life. Possible changes include modular frame joints, standardized tubing lengths and bends, compostable fabric covers, reusable fabric covers with removable graphics, a Moss tension fabric structure rental program, first in the industry buy-back programs, and others.
- 3) Workers & Community Pathway – Moss commits to company-wide training and continuous improvement programs for waste reduction and energy performance enhancement. Although Moss is a conscientious body of people who reuse and recycle, we believe that many opportunities exist for training and technology to help the company reduce costs by improved practices in these areas. (Efforts here are also related to Transportation, Environmental management, Inputs/raw materials/products, Air & water emissions, Solid waste, and Energy "Pathways.") Moss will establish a Community Advisory Committee to solicit feedback on its STEP-UP goals and progress in meeting those goals, and invite the DEP STEP-UP coordinator to the meetings. It is expected that the committee will meet at least twice a year during the three-year term of the agreement.
- 4) Environmental Management System (EMS) Pathway – Moss has an active Safety Committee at each location that meets monthly or sooner to discuss worker safety and compliance, as well as environmental issues. Currently, procedures designed to protect the environment are not written down. Moss will seek guidance in developing an environmental management system from the DEP, other STEP-UP companies and/or qualified consultants. The EMS will be completed by December 2003. After it is in place, Moss will employ a third-party auditor to check its compliance with the system, utilizing a standard comparable to the ISO 14001 standard, by December 2004. A qualified professional, as agreed upon by Moss and DEP shall conduct the review. If the EMS is not verified as meeting the standard, Moss shall develop and implement a plan to achieve conformance within 12 months.
- 5) Energy Pathway – Moss uses #2 heating oil to heat the facility in Belfast and natural gas in Lincolnwood. Electrical energy is used for lighting and air conditioning, and to operate its production equipment including a metal working shop, sewing department, digital printing system, computer

network and others. Moss generally contracts with commercial shippers for the movement of its products and uses the three company trucks (2 in Belfast and 1 in Lincolnwood) for local logistics and building/equipment maintenance related tasks. Moss will explore options to reduce total energy use and associated emissions of air pollutants and CO₂ and commits to a reduction goal of 10% per year from an FY2002 baseline over the three-year term of the agreement. Moss will seek advice from an energy consultant to identify potential areas for energy savings and opportunities to employ renewable fuels and sources of electrical energy at its facilities and in its operations.

B. Goals Toward Sustainability

- 1) Stop producing regulated hazardous waste of any kind at all Moss Inc facilities by July 2004 (The primary source of hazardous waste is inks used in printing.) Moss will subsequently comply with the Department's applicable hazardous waste generator closure regulations.
- 2) Develop and sell products that have sufficient harvestable value so Moss can offer guaranteed buy-back for the tension fabric exhibit and promotional products made by Moss. Specific objectives and protocols for the buy-back of program will be developed by June 2003, with market roll out in the fall of 2003.
- 3) Establish a pilot rental program by January 2003 so customers who have limited use for Moss products can rent at lower overall cost and higher value to their marketing programs. By January 2005 derive at least 20% of Moss Inc sales from rentals and related services.
- 4) Create high value jobs with good benefits to support product value harvesting and rental operations. Additional employees will be required to ensure that a take-back program is successful in recovering and reusing valuable resources. Number and description of jobs yet to be determined.
- 5) To implement the EMS, Moss will install environmental and energy management empowerment/involvement mechanisms at both Moss locations. The improvements in both pollution reduction and actual dollar cost savings will be measured. The objective will be to achieve significant improvements by the summer of 2004.
- 6) Develop an Environmental Management System (EMS) through involvement of Moss workers and with the assistance of an organization with EMS competence by December 2003. Reduce total energy use by 10% per year over the three-year term of the agreement. Energy use will be measured in total BTUs compared to the FY2002 baseline for fuel oil, natural gas, electricity and motor vehicle fuel for company vehicles. Moss will also quantify the cost savings realized as a result of the reduction in energy use.

- 7) Reduce total energy use by 10% per year over the three-year term of the agreement (30% reduction over 3 years). Energy use will be measured in total BTUs compared to the FY2002 baseline for fuel oil, natural gas, electricity and motor vehicle fuel for company vehicles. Moss will also quantify the cost savings realized as a result of the reduction in energy use.

C. Measurement Methods

Internally, Moss uses a monthly tracking approach for its strategic initiatives. Current, monthly reports are issued by the owners of each initiative and generally follow a three-section format that covers: 1) activities this month, 2) milestones achieved vs. plan, and 3) actual dollar results vs. plan.

For the seven specific goals listed above, and any new ones that are developed as Moss proceeds, there will be a Project Manager assigned, resources budgeted, project plan developed and approved by management, and monthly tracking established. The tracking system will use some type of visual display to show progress (such as bar charts, graphs or tables) so that employees, members of the community advisory committee, and others can easily follow the progress of Moss Inc. toward its goals.

Some of the metrics applicable to Moss Inc's STEP-UP efforts may become part of the company's weekly Key Performance Indicators (KPI) reporting. The KPI reaches every Moss employee each week, as a 14-metric snapshot of the company's business health, results and opportunities for improvement.

D. Public Involvement

Moss Inc will communicate STEP-UP goals and progress on an ongoing basis to the Maine DEP, US and international exhibit industry, home communities, the community advisory committee, and the business communities of Maine and Illinois. Moss envisions press releases, job postings, business conference participation and other means to be employed.

Additionally, a quarterly sit-down meeting with Maine DEP to review progress and solicit resources/help will be needed.

E. Mentoring

As part of its journey toward sustainability, Moss Inc will make itself and its experience to date available to all parties interested in joining the journey. Moss is very interested in joining the sustainable manufacturing forum proposed by Guilford of Maine in its STEP-UP agreement. Also, upon demonstrating competence in sustainability efforts, Moss commits to mentoring another Maine business in its journey.

F. Relationship

Moss Inc will work with the Maine DEP to achieve its sustainability goals by jointly identifying Maine state resources that could aid in the journey and/or specific regulatory issues that stand in the way of achievement and work to find mutually agreeable solutions to these issues.

Moss Inc requests that its DEP STEP-UP Program contact attend quarterly STEP-UP program meetings, at which progress toward sustainability goals will be discussed and adjustments made to Moss Inc's performance goals as necessary.

Maine DEP will make staff available to Moss Inc for technical and regulatory assistance. This assistance will be provided consistent with existing State law and agency policy.

Maine DEP expects to forego civil penalties for certain types of first-time violations discovered in the process of providing assistance or disclosed as a result of compliance audits performed by Moss Inc when Moss Inc corrects the non-compliant condition within the shortest practicable time period, and in all cases within 90-days of discovery. Violations excluded from this provision are those listed in Maine DEP's Small Business Compliance Incentives Policy, Section III (as amended February 14, 1996) and its Supplemental Environmental Projects Policy, Section V (as amended June 15, 2000). Regular or necessary compliance inspections performed as part of day-to-day business at Maine DEP are not subject to these provisions.

G. Recognition

Maine DEP will recognize Moss Inc's participation in the STEP-UP Program by including specific information on the *Smart Production and STEP-UP Web Pages* maintained by the State, and in press releases from time-to-time to keep the general public informed of Moss Inc's status in the program. Moss Inc will also receive a Governor's Award for Environmental Excellence without the need for application when any *Sustainability Goal* detailed in this agreement is achieved.

3. REPORTING

Moss Inc will submit quarterly progress reports to the Maine DEP citing accomplishments toward achieving sustainability goals. The reports will utilize the reporting format described in Section 2. C above. Maine DEP agrees to hold identified Moss Inc proprietary business data confidential.

Maine DEP will report quarterly to Moss Inc on its progress toward meeting its commitments outlined in Section 2. F above.

4. TERMINATION

Either party to this Agreement may terminate the participation of Moss Inc in the STEP-UP Program with 30-days notice to the other party.

WITNESS here today, December 5, 2002, that the undersigned parties enter into this agreement.

Angus S. King, Jr., Governor State of Maine

Bart Read, Vice President, Operations, Moss
Inc., Belfast Maine